

Agenda Item 5
6/17/09 Meeting



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June 5, 2009

The Honorable Arnold Schwarzenegger
Governor of California
State Capitol
Sacramento, CA 95814
Fax: (916) 558-3160

Re: Cutting Healthy Families Hurts Children and the State

Dear Governor Schwarzenegger:

The 100% Campaign (The Children's Partnership, Children Now, and Children's Defense Fund California) and PICO California urge you to find a budget solution that does not add more children to the ranks of the uninsured.

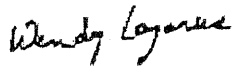
Your proposal to eliminate the Healthy Families Program, which provides affordable health coverage to children in families earning less than 250% of the federal poverty level (\$45,775/yr for a family of three), would mean 942,000 children losing their only source of health coverage. Furthermore, California would be the only state in the nation without a Children's Health Insurance Program (CHIP) for low-income children.

Healthy Families earns a 65% federal match, and is expected to bring the state at least \$700 million in federal funds in FY 2009-2010. Any cuts to the Program would foolishly forfeit significant federal funds and create more fiscal problems in the future as uninsured children get sick, miss school, are unable to get preventive care, and are forced to seek more costly care in emergency rooms. The Legislative Analyst's Office (LAO) recommends against elimination of Healthy Families.

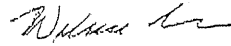
In tough fiscal times, we must prioritize our most precious resource: our children. There **are** options to balance the budget without decimating Healthy Families or other children's health programs. Any number of fees (such as those passed last December by the Legislature), a modest increase in our state's relatively low tobacco tax, and/or elimination of certain tax credits as recommended by the LAO are among the many options that could help eliminate the budget deficit without jeopardizing the health of California's children. Any cut to children's health – including a roll-back of eligibility – would be unacceptable, especially now when low-income children most need the support.

The budget must not be balanced on the backs of our children. We look to you to carefully consider all available options, and to create a budget solution that does not destroy our children's health coverage programs.

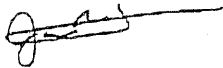
Respectfully,



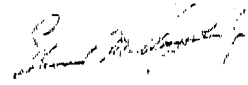
Wendy Lazarus
Founder & Co-President
The Children's Partnership



Wilma Chan
Vice President, Policy
Children Now



Jim Keddy
Director
PICO California



Edward Augustus
Executive Director
Children's Defense Fund California

CC: Susan Kennedy, Chief of Staff, Office of the Governor
Herb Schultz, Senior Health Policy Advisor, Office of the Governor
Richard Figueroa, Health Care Advisor, Office of the Governor
Jennifer Kent, Deputy Director of Legislation, Office of the Governor
Kim Belshé, Secretary, Health and Human Services Agency
Lesley Cummings, Executive Director, Managed Risk Medical Insurance Board
David Maxwell-Jolly, Director, Department of Health Care Services
Toby Douglas, Deputy Director of Medical Services, Department of Health Care Services



Friday, June 12, 2009

Legislative Update

Health Policy Update

The Week Ahead

Senate Democrats' Budget Plan Aims To Preserve Safety Net

Senate Democrats announced a budget plan this week that would avoid eliminating the health and welfare programs Gov. Arnold Schwarzenegger's (R) budget proposal targeted.

Senate Democrats accept that Healthy Families and other programs will have to be cut, but they want to use money Schwarzenegger has proposed holding in a reserve fund to keep the programs from being scrapped altogether.

Healthy Families, California's Children's Health Insurance Program, uses federal funds to provide health coverage for more than 900,000 children from low-income families.

Senate Democrats also are pushing to provide more funding than the governor proposed for HIV/AIDS services and a state home-care program for the elderly and disabled.

Senate President Pro Tempore Darrell Steinberg (D-Sacramento) said, "We're not going to eliminate programs that save people's lives," adding that cutting such programs would be "penny wise, pound foolish."

Schwarzenegger said the proposal is "irresponsible."

Legislators remain focused on the budget, but they are continuing work on other bills. Here's a look at recent action on health care-related bills.

Doctors and Nurses

SB 294 by Sen. Gloria Negrete McLeod (D-Chino) would expand the definition of a nurse practitioner's duties under current law. In addition to previously specified duties, the new law would authorize a nurse practitioner to order medical equipment, certify disability and approve or modify treatment plans for home-based care (Bill text, 6/8). The bill is before the Assembly Committee on Business and Professions (Bill status, 6/8).

Health Plans

AB 119 by Assembly member Dave Jones (D-Sacramento) would prohibit health insurance companies from charging different rates based on gender. The bill would eliminate a provision of an existing law that allows gender-rating on the basis of statistical data (Bill text, 6/3). The bill is before the Senate Health Committee (Bill status, 6/3).

Medi-Cal

The Assembly approved **AB 754** by Assembly member Wesley Chesbro (D-Santa Rosa) and sent it to the Senate (Bill status, 6/3). The bill calls for the California Department of Mental Health and the state Department of Health Care Services to submit to CMS any claims for mental health services under Medi-Cal. The measure also would require the state to directly reimburse mental health plans after receiving federal payment (Bill text, 6/3).



Office of the Governor

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Executive Order

06/08/2009 [Print Version](#) | [ShareThis](#)

EXECUTIVE ORDER S-09-09

by the

Governor of the State of California

WHEREAS due to developments in the worldwide and national financial markets, and continuing weak performance in the California economy, the General Fund deficit for the 2009-2010 fiscal year is estimated to grow to \$24.3 billion; and

WHEREAS the State Controller projects that as of July 29, 2009, California will not have the cash needed to meet all of its payment obligations; and

WHEREAS the projected budget deficit will require critical cuts to State programs and services, and additional borrowing from local governments; and

WHEREAS immediate action is needed to address the budget and cash crisis facing the State of California; and

WHEREAS immediate action to reduce current spending must be taken to ensure, to the maximum extent possible, that the essential services of the State are not jeopardized and the public health and safety is preserved; and

WHEREAS State agencies and departments under my direct executive authority must take all available steps to reduce their expenses to achieve budget and cash savings.

NOW, THEREFORE, I, ARNOLD SCHWARZENEGGER, Governor of the State of California, in accordance with the authority vested in me by the Constitution and the statutes of the State of California, do hereby issue the following orders to become effective immediately:

IT IS ORDERED that except for projects funded by the American Recovery and Reinvestment Act, or projects funded by bonds, grants or projects specifically mandated by court orders, or public-private partnerships that require no direct state expenditures, any funds encumbered on or after March 1, 2009, for contracts entered into for which goods or services have not been provided or for contracts proposed to be entered into during the 2008-2009 fiscal year by State agencies and departments, regardless of funding source, are hereby disencumbered and the funds will revert to their original funding source if no legal liability will be incurred by the State. If a legal liability will be incurred by the State, approval to continue encumbering the funds must be obtained from the Agency Secretary and the Director of the Department of Finance.

IT IS FURTHER ORDERED that by 30 days after the passage of a revised budget for fiscal year 2009-2010, all State departments, regardless of funding source, shall submit a plan to their Agency Secretary that provides for a reduction of the amount of the department's appropriation to be encumbered by new contracts, extended contracts or purchases from statewide master contracts in the 2009-2010 fiscal year by at least 15 percent, whether the reduction results from cancellation, suspension, renegotiation or otherwise.

IT IS FURTHER ORDERED that effective immediately and until a State department's plan is approved by the Agency Secretary, a State department is prohibited from entering into any new contracts, amending existing contracts, issuing purchase orders for goods or services, or making purchases from statewide master agreements or leveraged procurement agreements for goods or services.

IT IS FURTHER ORDERED that the Director of the Department of Finance shall establish an exemption process regarding all contract cost reduction measures contained in this Order that Agency Secretaries and Cabinet-level Directors shall utilize to determine if an exemption is justified based on an emergent situation to preserve and protect human life and safety; avoiding significant revenue loss; achieving significant net cost savings; maintaining multi-year IT system and service contracts approved by the Office of the Chief Information Officer; or providing critical services and functions.

IT IS FURTHER ORDERED that the services and functions of state government directly related to the preservation and protection of human life and safety, including but not limited to emergency and disaster response activities and the provision of 24-hour medical care, shall be deemed critical and exempt from this Order.

RELATED CONTENT

[Gov. Schwarzenegger on Twitter](#)

MORE JOBS & THE ECONOMY EXECUTIVE ORDERS

[04/3/09 - S-04-09](#)[03/27/09 - S-03-09](#)[03/27/09 - S-02-09](#)[02/11/09 - S-01-09](#)

IT IS FURTHER ORDERED that all Agency Secretaries and Department Directors shall take immediate action to implement this Order to reduce state expenditures.

IT IS REQUESTED that other entities of State government not under my direct executive authority, including the California Public Utilities Commission, the University of California, the California State University, California Community Colleges, the legislative branch (including the Legislative Counsel Bureau), and judicial branch, implement similar or other mitigation measures to achieve budget and cash savings and additional transparency in state government.

This Order is not intended to create, and does not create, any rights or benefits, whether substantive or procedural, or enforceable at law or in equity, against the State of California or its agencies, departments, entities, officers, employees, or any other person.

I FURTHER ORDER that, as soon as hereafter possible, this Order shall be filed in the Office of the Secretary of State and that widespread publicity and notice be given to this Order.



IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 8th day of June 2009.

ARNOLD SCHWARZENEGGER
Governor of California

ATTEST
DEBRA BOWEN
Secretary of State

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Health Agenda
Pages 82 and 83
Item 4280-101-0001 Healthy Families Program

Proposed Compromise

In lieu of eliminating the Healthy Families Program, or in reducing children's eligibility from 250 percent of poverty to 200 percent of poverty, the following compromise is proposed.

1. General Fund Reduction. Reduce by \$70 million General Fund support for the Healthy Families Program, including infants and toddlers enrolled into Healthy Families from the Infants and Mothers Program (AIM).

The effect of this action would be to establish a waiting list unless other funds from philanthropic organizations, donations, or other sources, become available to continue enrollment of children throughout the fiscal year. Federal funds from California's allotment of the federal Children's Health Insurance Reauthorization Act (CHIPRA) would still be available for expenditure if other funds are available for the match. As such, *no reduction* in federal funds is proposed in this action.

The Managed Risk Medical Insurance Board (MRMIB) has authority to establish a waiting list of children for enrollment into the Healthy Families Program if it becomes necessary. This process is in place and the MRMIB may activate procedures as determined necessary.

2. Budget Bill Language. It is the intent of the Legislature, during these unprecedented fiscal times, to maintain the integrity of the Healthy Families Program to continue to provide health, dental and vision coverage to low income children. However, assistance from philanthropic organizations, and other sources will be necessary in order for California to obtain its full allotment of federal funds to support this program. In the event funds are not available, it is the intent of the Legislature for the Managed Risk Medical Insurance Board to utilize its existing authority to establish a waiting list of children for enrollment in the program.